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H.B. No. 3732

A BILL TO BE ENTITLED

AN ACT

relating to the implementation of ultraclean energy projects and  
other environmentally protective projects in this state.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 447, Government Code, is amended by  
adding Section 447.013 to read as follows:

Sec. 447.013. ULTRACLEAN ENERGY PROJECT GRANT AND LOAN  
PROGRAM. (a) In this section:

(1) "Account" means the ultraclean energy project  
account established under this section.

(2) "Program" means the ultraclean energy project  
grant and loan program established under this section.

(3) "Ultraclean energy project" has the meaning  
assigned by Section 382.003, Health and Safety Code.

(b) The ultraclean energy project grant and loan program is  
established to encourage the development of ultraclean energy  
projects in an environmentally protective manner. The program is  
administered by the state energy conservation office.

(c) The ultraclean energy project account is an account in  
the general revenue fund.

(d) The account consists of:

(1) a sub-account in the account that consists of the  
proceeds of bonds issued under Subsection (j);

(2) revenues allocated to the account under Section

1 182.122, Tax Code;

2 (3) any amount appropriated by the legislature for the  
3 account;

4 (4) gifts, grants, and other donations received for  
5 the account; and

6 (5) interest earned on the investment of money in the  
7 account.

8 (e) Money in the account may be appropriated only to the  
9 state energy conservation office to award grants or to make or  
10 guarantee loans under this section. The total amount of grants that  
11 may be awarded under this section in any state fiscal biennium from  
12 revenues described by Subsection (d)(2) may not exceed \$20 million.  
13 The total amount of loans that may be made or guaranteed under this  
14 section in any state fiscal biennium from revenues described by  
15 Subsection (d)(2) may not exceed \$10 million.

16 (f) Before awarding a grant or making a loan under this  
17 section, the state energy conservation office shall enter into a  
18 written agreement with the entity to which the grant is to be  
19 awarded or the loan is to be made. The agreement may specify that  
20 if, as of a date specified by the agreement, the entity has not used  
21 the grant or loan for the purposes for which the grant or loan was  
22 intended, the entity shall repay the amount of the grant or the  
23 amount of the loan and any accrued interest, as applicable, under  
24 terms specified by the agreement.

25 (g) Under the program, the state energy conservation office  
26 may award a grant to the managing entity of an ultraclean energy  
27 project in an amount not to exceed 50 percent of the total amount

1 invested in the project by private industry sources. The managing  
2 entity of the project must provide any information considered  
3 necessary by the state energy conservation office to determine  
4 whether the entity qualifies for the grant.

5 (h) Under the program, the state energy conservation office  
6 may make or guarantee a loan to the managing entity of an ultraclean  
7 energy project in this state. If the loan or guarantee is to be  
8 funded by the proceeds of bonds issued under Subsection (j), the  
9 project must qualify for the loan or guarantee under Section 49-p,  
10 Article III, Texas Constitution.

11 (i) A recipient of a grant or loan under this section is  
12 encouraged to purchase goods and services from small businesses and  
13 historically underutilized businesses, as those terms are defined  
14 by Section 481.191, Government Code.

15 (j) The Texas Public Finance Authority shall issue general  
16 obligation bonds as authorized by Section 49-p, Article III, Texas  
17 Constitution.

18 SECTION 2. Section 382.003, Health and Safety Code, is  
19 amended by adding Subdivisions (3-a), (3-b), (11-a), and (12-a) to  
20 read as follows:

21 (3-a) "Clean coal technology" means a technology or  
22 process, including a technology or process applied at the  
23 precombustion, combustion, or postcombustion stage, for use at a  
24 new or existing facility that will achieve a 97 percent reduction of  
25 sulfur dioxide emissions, an emission rate for nitrogen oxides of  
26 0.08 pounds per million British thermal units, and significant  
27 reductions in mercury emissions associated with the use of coal in

1 the generation of electricity, process steam, or industrial  
2 products, including the creation of liquid fuels, hydrogen for fuel  
3 cells, and other coproducts. The technology used must comply with  
4 applicable federal law regarding mercury emissions and must render  
5 carbon dioxide capable of capture, sequestration, or abatement.  
6 Clean coal technology includes atmospheric or pressurized  
7 fluidized bed combustion technology, integrated gasification  
8 combined cycle technology, methanation technology,  
9 magnetohydrodynamic technology, direct and indirect coal-fired  
10 turbines, undiluted high-flame temperature oxygen combustion  
11 technology that excludes air, and integrated gasification fuel  
12 cells.

13 (3-b) "Coal" has the meaning assigned by Section  
14 134.004, Natural Resources Code.

15 (11-a) "Solid waste" has the meaning assigned by  
16 Section 361.003.

17 (12-a) "Ultraclean energy project" means a project  
18 that:

19 (A) involves the use of coal, biomass, petroleum  
20 coke, or solid waste in the generation of electricity, process  
21 steam, or industrial products, including gasification and the  
22 creation of liquid fuels, hydrogen for fuel cells, and other  
23 coproducts;

24 (B) is capable of achieving a 99 percent  
25 reduction of sulfur dioxide emissions, a 95 percent reduction of  
26 mercury emissions, and an emission rate for nitrogen oxides of 0.05  
27 pounds per million British thermal units; and

1           (C) renders carbon dioxide capable of capture,  
2 sequestration, or abatement.

3           SECTION 3. Subchapter C, Chapter 382, Health and Safety  
4 Code, is amended by adding Section 382.0566 to read as follows:

5           Sec. 382.0566. ULTRACLEAN ENERGY PROJECT PERMITTING  
6 PROCEDURE. (a) An application for a permit under this chapter for  
7 an ultraclean energy project must be received by the commission on  
8 or after January 1, 2008, and before January 1, 2020.

9           (b) As authorized by federal law, not later than nine months  
10 after the executive director declares an application for a permit  
11 under this chapter for an advanced clean energy project to be  
12 administratively complete, the executive director shall complete  
13 its technical review of the application.

14           (c) The commission shall issue a final order issuing or  
15 denying the permit not later than nine months after the executive  
16 director declares the application technically complete. The  
17 commission may extend the deadline set out in this subsection up to  
18 three months if it determines that the number of complex pending  
19 applications for permits under this chapter will prevent the  
20 commission from meeting the deadline imposed by this subsection  
21 without creating an extraordinary burden on the resources of the  
22 commission.

23           (d) The permit process authorized by this section is subject  
24 to the requirements relating to a contested case hearing under this  
25 chapter, Chapter 5, Water Code, or Subchapters C-G, Chapter 2001,  
26 Government Code, as applicable.

27           (e) An applicant for a permit under this chapter for an

1 ultraclean energy project is not required to prove, as part of an  
2 analysis of whether the project will use the best available control  
3 technology or reduce emissions to the lowest achievable rate, that  
4 the clean coal technology or ultraclean energy technology proposed  
5 to be used in connection with the project has been demonstrated to  
6 be feasible in a commercial operation.

7 (f) The commission shall adopt rules to implement this  
8 section.

9 SECTION 4. Section 11.31, Tax Code, is amended by amending  
10 Subsection (b) and adding Subsections (k), (l), and (m) to read as  
11 follows:

12 (b) In this section, "facility, device, or method for the  
13 control of air, water, or land pollution" means land that is  
14 acquired after January 1, 1994, or any structure, building,  
15 installation, excavation, machinery, equipment, or device, and any  
16 attachment or addition to or reconstruction, replacement, or  
17 improvement of that property, that is used, constructed, acquired,  
18 or installed wholly or partly to meet or exceed rules or regulations  
19 adopted by any environmental protection agency of the United  
20 States, this state, or a political subdivision of this state for the  
21 prevention, monitoring, control, or reduction of air, water, or  
22 land pollution. Whether or not carbon dioxide is considered a  
23 pollutant, the term includes property that is used, constructed,  
24 acquired, or installed wholly or partly to capture carbon dioxide  
25 from an anthropogenic source that is used in an enhanced recovery  
26 project for which a producer of oil receives a severance tax  
27 exemption under Section 202.0545, or that is geologically

1 sequestered. This section does not apply to a motor vehicle.

2 (k) The Texas Commission on Environmental Quality shall  
3 adopt rules establishing a nonexclusive list of facilities,  
4 devices, or methods for the control of air, water, or land  
5 pollution, which must include:

6 (1) coal cleaning facilities;

7 (2) atmospheric or pressurized and bubbling or  
8 circulating fluidized bed combustion systems and gasification  
9 fluidized bed combustion combined cycle systems;

10 (3) ultra-supercritical pulverized coal boilers;

11 (4) flue gas recirculation components;

12 (5) syngas purification systems and gas-cleanup  
13 units;

14 (6) enhanced heat recovery systems;

15 (7) exhaust heat recovery boilers;

16 (8) heat recovery steam generators;

17 (9) superheaters and evaporators;

18 (10) enhanced steam turbine systems;

19 (11) methanation;

20 (12) coal combustion or gasification byproduct and  
21 coproduct handling, storage, or treatment facilities;

22 (13) biomass cofiring storage, distribution, and  
23 firing systems;

24 (14) coal cleaning or drying processes, such as coal  
25 drying/moisture reduction, air jigging, precombustion  
26 decarbonization, and coal flow balancing technology;

27 (15) oxy-fuel combustion technology, amine or chilled

1 ammonia scrubbing, fuel or emission conversion through the use of  
2 catalysts, enhanced scrubbing technology, modified combustion  
3 technology such as chemical looping, and cryogenic technology; and  
4 (16) any other equipment designed to capture, abate,  
5 or monitor nitrogen oxides, volatile organic compounds,  
6 particulate matter, mercury, carbon monoxide, carbon dioxide, or  
7 any criteria pollutant.

8 (1) The Texas Commission on Environmental Quality by rule  
9 shall update the list adopted under Subsection (k) at least once  
10 every three years. An item may not be removed from the list unless  
11 the commission finds compelling evidence to support the conclusion  
12 that the item does not provide pollution control benefits.

13 (m) Notwithstanding the other provisions of this section,  
14 if the facility, device, or method for the control of air, water, or  
15 land pollution described in an application for an exemption under  
16 this section is a facility, device, or method included on the list  
17 adopted under Subsection (k), the executive director of the Texas  
18 Commission on Environmental Quality, not later than the 30th day  
19 after the date of receipt of the information required by  
20 Subsections (c)(2) and (3) and without regard to whether the  
21 information required by Subsection (c)(1) has been submitted, shall  
22 determine that the facility, device, or method described in the  
23 application is used wholly or partly as a facility, device, or  
24 method for the control of air, water, or land pollution and shall  
25 take the actions that are required by Subsection (d) in the event  
26 such a determination is made.

27 SECTION 5. Section 26.045, Tax Code, is amended to read as

1 follows:

2           Sec. 26.045. ROLLBACK RELIEF FOR POLLUTION CONTROL  
3 REQUIREMENTS. (a) The rollback tax rate for a political  
4 subdivision of this state is increased by the rate that, if applied  
5 to the total current value, would impose an amount of taxes equal to  
6 the amount the political subdivision will spend out of its  
7 maintenance and operation funds under Section 26.012(16) [~~7, Tax~~  
8 ~~Code,~~] to pay for a facility, device, or method for the control of  
9 air, water, or land pollution that is necessary to meet the  
10 requirements of a permit issued by the Texas [~~Natural Resource~~  
11 ~~Conservation~~] Commission on Environmental Quality.

12           (b) In this section, "facility, device, or method for  
13 control of air, water, or land pollution" means any land,  
14 structure, building, installation, excavation, machinery,  
15 equipment, or device, and any attachment or addition to or  
16 reconstruction, replacement, or improvement of that property, that  
17 is used, constructed, acquired, or installed wholly or partly to  
18 meet or exceed rules or regulations adopted by any environmental  
19 protection agency of the United States or this state for the  
20 prevention, monitoring, control, or reduction of air, water, or  
21 land pollution.

22           (c) To receive an adjustment to the rollback tax rate under  
23 this section, a political subdivision shall present information to  
24 the executive director of the Texas [~~Natural Resource Conservation~~]  
25 Commission on Environmental Quality in a permit application or in a  
26 request for any exemption from a permit that would otherwise be  
27 required detailing:

1           (1) the anticipated environmental benefits from the  
2 installation of the facility, device, or method for the control of  
3 air, water, or land pollution;

4           (2) the estimated cost of the pollution control  
5 facility, device, or method; and

6           (3) the purpose of the installation of the facility,  
7 device, or method, and the proportion of the installation that is  
8 pollution control property.

9           (d) Following submission of the information required by  
10 Subsection (c), the executive director of the Texas [~~Natural~~  
11 ~~Resource Conservation~~] Commission on Environmental Quality shall  
12 determine whether [~~if~~] the facility, device, or method is used  
13 wholly or partly as a facility, device, or method for the control of  
14 air, water, or land pollution. If the executive director determines  
15 that the facility, device, or method is used wholly or partly to  
16 control pollution, the director shall issue a letter to the  
17 political subdivision stating that determination and the portion of  
18 the cost of the installation that is pollution control property.

19           (e) The Texas [~~Natural Resource Conservation~~] Commission on  
20 Environmental Quality may charge a political subdivision seeking a  
21 determination that property is pollution control property an  
22 additional fee not to exceed its administrative costs for  
23 processing the information, making the determination, and issuing  
24 the letter required by this section. The commission may adopt rules  
25 to implement this section.

26           (f) The Texas Commission on Environmental Quality shall  
27 adopt rules establishing a nonexclusive list of facilities,

1 devices, or methods for the control of air, water, or land  
2 pollution, which must include:

3 (1) coal cleaning facilities;

4 (2) atmospheric or pressurized and bubbling or  
5 circulating fluidized bed combustion systems and gasification  
6 fluidized bed combustion combined cycle systems;

7 (3) ultra-supercritical pulverized coal boilers;

8 (4) flue gas recirculation components;

9 (5) syngas purification systems and gas-cleanup  
10 units;

11 (6) enhanced heat recovery systems;

12 (7) exhaust heat recovery boilers;

13 (8) heat recovery steam generators;

14 (9) superheaters and evaporators;

15 (10) enhanced steam turbine systems;

16 (11) methanation;

17 (12) coal combustion or gasification byproduct and  
18 coproduct handling, storage, or treatment facilities;

19 (13) biomass cofiring storage, distribution, and  
20 firing systems;

21 (14) coal cleaning or drying processes such as coal  
22 drying/moisture reduction, air jigging, precombustion  
23 decarbonization, and coal flow balancing technology;

24 (15) oxy-fuel combustion technology, amine or chilled  
25 ammonia scrubbing, fuel or emission conversion through the use of  
26 catalysts, enhanced scrubbing technology, modified combustion  
27 technology such as chemical looping, and cryogenic technology; and

1           (16) any other equipment designed to capture, abate,  
2 or monitor nitrogen oxides, volatile organic compounds,  
3 particulate matter, mercury, carbon monoxide, carbon dioxide, or  
4 any criteria pollutant.

5           (g) The Texas Commission on Environmental Quality by rule  
6 shall update the list adopted under Subsection (f) at least once  
7 every three years. An item may not be removed from the list unless  
8 the commission finds compelling evidence to support the conclusion  
9 that the item does not render pollution control benefits.

10           (h) Notwithstanding the other provisions of this section,  
11 if the facility, device, or method for the control of air, water, or  
12 land pollution described in a permit application or in a request for  
13 any exemption from a permit that would otherwise be required is a  
14 facility, device, or method included on the list adopted under  
15 Subsection (f), the executive director of the Texas Commission on  
16 Environmental Quality, not later than the 30th day after the date of  
17 receipt of the information required by Subsections (c)(2) and (3)  
18 and without regard to whether the information required by  
19 Subsection (c)(1) has been submitted, shall determine that the  
20 facility, device, or method described in the permit application or  
21 in the request for an exemption from a permit that would otherwise  
22 be required is used wholly or partly as a facility, device, or  
23 method for the control of air, water, or land pollution and shall  
24 take the action that is required by Subsection (d) in the event such  
25 a determination is made.

26           (i) A political subdivision of the state seeking an  
27 adjustment in its rollback tax rate under this section shall

1 provide to its tax assessor a copy of the letter issued by the  
2 executive director of the Texas [~~Natural Resource Conservation~~]  
3 Commission on Environmental Quality under Subsection (d). The tax  
4 assessor shall accept the copy of the letter from the executive  
5 director as conclusive evidence that the facility, device, or  
6 method is used wholly or partly as pollution control property and  
7 shall adjust the rollback tax rate for the political subdivision as  
8 provided for by Subsection (a).

9 SECTION 6. Section 182.022, Tax Code, is amended by adding  
10 Subsection (c) to read as follows:

11 (c) Notwithstanding any other provision of this chapter, a  
12 tax under this chapter may not be imposed on gross receipts from the  
13 sale of electricity generated by an ultraclean energy project, as  
14 defined by Section 382.003, Health and Safety Code.

15 SECTION 7. Section 182.122, Tax Code, is amended to read as  
16 follows:

17 Sec. 182.122. ALLOCATION OF TAX. (a) Revenues collected  
18 under this chapter are allocated:

- 19 (1) one-fourth to the foundation school fund; and  
20 (2) three-fourths to the general revenue fund.

21 (b) The comptroller shall transfer to the ultraclean energy  
22 project account the first \$30 million of the revenues collected  
23 under this chapter that are allocated to the general revenue fund  
24 under Subsection (a)(2) in any state fiscal biennium.

25 SECTION 8. Effective September 1, 2020, Section 182.122,  
26 Tax Code, is amended to read as follows:

27 Sec. 182.122. ALLOCATION OF TAX. Revenues collected under

1 this chapter are allocated:

2 (1) one-fourth to the foundation school fund; and

3 (2) three-fourths to the general revenue fund.

4 SECTION 9. Subchapter B, Chapter 202, Tax Code, is amended  
5 by adding Section 202.0545 to read as follows:

6 Sec. 202.0545. TAX EXEMPTION FOR ENHANCED RECOVERY PROJECTS  
7 USING ANTHROPOGENIC CARBON DIOXIDE. (a) Subject to the  
8 limitations provided by this section, the producer of oil recovered  
9 through an enhanced oil recovery project that qualifies under  
10 Section 202.054 for the recovered oil tax rate provided by Section  
11 202.052(b) is entitled to an additional 50 percent reduction in  
12 that tax rate if in the recovery of the oil the enhanced oil  
13 recovery project uses carbon dioxide that:

14 (1) is captured from an anthropogenic source;

15 (2) would otherwise be released into the atmosphere as  
16 industrial emission;

17 (3) is measurable at the source of capture; and

18 (4) is sequestered in one or more geological  
19 formations following the enhanced oil recovery process.

20 (b) In the event that a portion of the carbon dioxide used in  
21 the enhanced oil recovery project is anthropogenic carbon dioxide  
22 that satisfies the criteria of Subsection (a) and a portion of the  
23 carbon dioxide used in the project fails to satisfy the criteria of  
24 Subsection (a) because it is not anthropogenic, the tax reduction  
25 provided by Subsection (a) shall be reduced to reflect the  
26 proportion of the carbon dioxide used in the project that satisfies  
27 the criteria of Subsection (a).

1       (c) To qualify for the tax rate reduction under this  
2 section, the operator must apply to the comptroller for the  
3 reduction and include with the application any information and  
4 documentation that the comptroller may require.

5       (d) To qualify for the tax rate reduction under this  
6 section, the operator must apply for a certification from:

7           (1) the Railroad Commission of Texas, if carbon  
8 dioxide used in the project is to be sequestered in a reservoir  
9 productive of oil or natural gas;

10           (2) the Texas Commission on Environmental Quality, if  
11 carbon dioxide used in the project is to be sequestered in a  
12 geological formation other than a reservoir productive of oil or  
13 natural gas; or

14           (3) both the Railroad Commission of Texas and the  
15 Texas Commission on Environmental Quality if both Subdivisions (1)  
16 and (2) apply.

17       (e) An agency to which an operator applies for a  
18 certification under Subsection (d) may issue the certification only  
19 if the agency finds that, based on substantial evidence, there is a  
20 reasonable expectation that:

21           (1) the operator's planned sequestration program will  
22 ensure that at least 99 percent of the carbon dioxide sequestered as  
23 required by Subsection (a)(4) will remain sequestered for at least  
24 1,000 years; and

25           (2) the operator's planned sequestration program will  
26 include appropriately designed monitoring and verification  
27 measures that will be employed for a period sufficient to

1 demonstrate whether the sequestration program is performing as  
2 expected.

3 (e-1) The tax rate reduction does not apply if the  
4 operator's sequestration program or the operator's monitoring and  
5 verification measures differ substantially from the planned  
6 program described by Subsection (e), and the operator shall refund  
7 the difference between the amount of the tax paid under this section  
8 and the amount that would have been imposed in the absence of this  
9 section.

10 (f) The comptroller shall approve the application if the  
11 operator submits the certification or certifications required by  
12 Subsection (d) and if the comptroller determines that the oil is  
13 otherwise eligible under this section.

14 (g) If, before the comptroller approves an application for  
15 the tax rate reduction under this section, the tax imposed by this  
16 chapter is paid at the rate provided by Section 202.052(a) or (b) on  
17 oil that qualifies under this section, the producer or producers of  
18 the oil are entitled to a credit against taxes imposed by this  
19 chapter in an amount equal to the difference between the tax paid on  
20 the oil and the tax due on the oil after the rate reduction under  
21 this section is applied. The credit is allowed to each producer  
22 according to the producer's proportionate share in the oil. To  
23 receive a credit, one or more of the producers of the oil must apply  
24 to the comptroller for the credit not later than the first  
25 anniversary of the date the oil is produced.

26 (h) The comptroller may enact rules and establish  
27 procedures to implement and administer this section.

1        (i) The Railroad Commission of Texas may enact rules and  
2 establish procedures to implement and administer this section.

3        (j) The Texas Commission on Environmental Quality may enact  
4 rules and establish procedures to implement and administer this  
5 section.

6        SECTION 10. Section 313.024(b), Tax Code, as effective  
7 January 1, 2008, is amended to read as follows:

8        (b) To be eligible for a limitation on appraised value under  
9 this subchapter, the entity must use the property in connection  
10 with:

11            (1) manufacturing;

12            (2) research and development;

13            (3) a clean coal project, as defined by Section 5.001,  
14 Water Code;

15            (4) an ultraclean energy [~~a gasification~~] project, as  
16 defined by Section 382.003, Health and Safety Code [~~for a coal and~~  
17 ~~biomass mixture~~]; or

18            (5) renewable energy electric generation.

19        SECTION 11. (a) Not later than September 1, 2012, and  
20 September 1, 2016, the Texas Commission on Environmental Quality  
21 and the State Energy Conservation Office shall issue a joint report  
22 to the legislature providing a status update on the implementation  
23 of the ultraclean energy program and an assessment of whether the  
24 emissions profile set out in Section 382.003(12-a)(B), Health and  
25 Safety Code, as added by this Act, should be adjusted to increase or  
26 decrease elements of the emissions profile.

27        (b) Factors to be considered in the assessment of the

1 emissions profile shall include:

2 (1) the technical and economic feasibility of meeting  
3 all of the elements of the emissions profile in a commercially  
4 viable project, as documented by the United States Department of  
5 Energy;

6 (2) the technical and economic feasibility of projects  
7 to meet all of the elements of the emissions profile and still use a  
8 diverse range of fuels, including lignite; and

9 (3) the adequacy of the incentives provided by this  
10 Act to continue to attract investment in and federal funding for  
11 ultraclean energy projects in this state.

12 (c) Any adjustments to the emissions profile implemented by  
13 the legislature in response to a report required by this section  
14 shall not apply to an application deemed administratively complete  
15 on or before the date of the report.

16 (d) Not later than September 1, 2020, the State Energy  
17 Conservation Office shall issue a report to the legislature  
18 providing an assessment of whether the ultraclean energy program  
19 should be extended due to a continued need for incentives to ensure  
20 that a diverse range of affordable fuels, including lignite, can be  
21 utilized in a manner that achieves the lowest emission profile that  
22 is technically and economically feasible.

23 SECTION 12. The state energy conservation office shall  
24 promulgate rules to establish the ultraclean energy grant and loan  
25 program under Section 447.013, Government Code, as added by this  
26 Act, not later than January 1, 2008.

27 SECTION 13. Not later than January 1, 2008, the Texas

1 Commission on Environmental Quality shall adopt rules required  
2 under Section 382.0566, Health and Safety Code, and Section  
3 11.31(k), Tax Code, as added by this Act, and Section 26.045(f), Tax  
4 Code, as amended by this Act.

5 SECTION 14. Section 447.013(j), Government Code, as added  
6 by this Act, takes effect only if the constitutional amendment  
7 proposed by the 80th Legislature, Regular Session, 2007,  
8 authorizing the issuance of general obligation bonds to provide and  
9 guarantee loans to encourage the use of carbon-free hydrogen energy  
10 is approved by the voters. If that amendment is not approved by the  
11 voters, Section 447.013(j), Government Code, as added by this Act,  
12 has no effect.

13 SECTION 15. The amendment made by this Act to Section  
14 11.31(b), Tax Code, takes effect January 1, 2008.

15 SECTION 16. Except as otherwise provided by this Act, this  
16 Act takes effect immediately if it receives a vote of two-thirds of  
17 all the members elected to each house, as provided by Section 39,  
18 Article III, Texas Constitution. If this Act does not receive the  
19 vote necessary for immediate effect, this Act takes effect  
20 September 1, 2007.